

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Appropriations, to which was referred Senate Bill No. 55, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, line 6, delete "or".
- 2 Page 1, line 7, delete "." and insert ";".
- 3 Page 1, reset in roman line 8.
- 4 Page 1, line 9, reset in roman "(4) December 31,".
- 5 Page 1, line 9, after "2007." insert "**2011.**".
- 6 Page 1, between lines 9 and 10, begin a new paragraph and insert:
- 7 "SECTION 2. IC 36-8-10-12.2, AS ADDED BY P.L.97-2005,
- 8 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 9 JANUARY 1, 2006 (RETROACTIVE)]: Sec. 12.2. (a) This section
- 10 applies to a county that adopts a deferred retirement option plan as part
- 11 of its retirement plan under this chapter.
- 12 (b) As used in this section, "DROP" refers to a deferred retirement
- 13 option plan established under this section.
- 14 (c) As used in this section, "DROP frozen benefit" refers to a
- 15 monthly pension benefit calculated under the provisions of a retirement
- 16 plan established under this chapter based on the employee beneficiary's:
- 17 (1) salary; and
- 18 (2) years of service;
- 19 on the date the employee beneficiary enters the DROP.
- 20 (d) As used in this section, "maximum years of service" refers to the
- 21 maximum number of years of service included in the monthly pension

1 benefit calculation under a department's retirement plan.

2 (e) An employee beneficiary who:

3 (1) is not yet credited with the maximum number of years of
4 service; and

5 (2) is eligible to receive an unreduced benefit immediately upon
6 termination of employment;

7 may elect to enter a DROP. The employee beneficiary's election is
8 irrevocable.

9 (f) The employee beneficiary exits a DROP on the earliest of the
10 following:

11 (1) The date that the employee beneficiary is credited with the
12 maximum years of service under the retirement plan.

13 (2) The employee beneficiary's retirement date.

14 (3) The date any required benefit begins.

15 (g) The retirement benefit paid to the employee beneficiary who
16 participated in a DROP consists of:

17 (1) the DROP frozen benefit; plus

18 (2) an additional amount, paid as the employee beneficiary elects
19 under subsection (h), determined in STEP THREE of the
20 following formula:

21 STEP ONE: Multiply:

22 (A) the DROP frozen benefit; by

23 (B) the number of months the employee beneficiary
24 participated in the DROP.

25 STEP TWO: Multiply the product determined in STEP ONE by
26 an interest rate that does not exceed three percent (3%) annually.

27 STEP THREE: Add the product determined under STEP ONE
28 and the product determined under STEP TWO.

29 (h) The employee beneficiary shall elect, at the employee
30 beneficiary's retirement, to receive the additional amount calculated
31 under subsection (g)(2) in one (1) of the following ways:

32 (1) A lump sum.

33 (2) An actuarially equivalent increase in the monthly pension
34 benefit payable to the employee beneficiary.

35 (3) A combination of (1) and (2).

36 (i) The cost of living payment determined under section 23 of this
37 chapter does not apply to the additional amount calculated under
38 subsection (g)(2). No cost of living payment is applied to a DROP

1 frozen benefit while the employee beneficiary is participating in a
2 DROP.

3 (j) If an employee beneficiary becomes disabled:

4 (1) in the line of duty; or

5 (2) other than in the line of duty;

6 benefits for the employee beneficiary are calculated as if the employee
7 beneficiary had never entered the DROP.

8 (k) **Except as provided in subsection (m)**, if, before the employee
9 beneficiary's monthly pension benefit begins, an employee beneficiary
10 dies, in the line of duty or other than in the line of duty, death benefits
11 are payable as follows:

12 (1) The benefit under subsection (g)(2) is paid in a lump sum to
13 the employee beneficiary's surviving spouse. If there is no
14 surviving spouse, the lump sum must be divided equally among
15 the employee beneficiary's surviving children. If there are no
16 surviving children, the lump sum is paid to the employee
17 beneficiary's parents. If there are no surviving parents, the lump
18 sum is paid to the employee beneficiary's estate.

19 (2) A benefit is paid on the DROP frozen benefit under the terms
20 of the county's retirement plan.

21 (l) A DROP under this section must be designed to be actuarially
22 cost neutral to the county's retirement plan.

23 **(m) This subsection applies if:**

24 **(1) an employee beneficiary dies in the line of duty before**
25 **payment of the employee beneficiary's monthly pension**
26 **benefit begins; and**

27 **(2) the calculation of a death benefit under the provisions of**
28 **the county's retirement plan depends upon whether an**
29 **employee beneficiary dies in the line of duty or other than in**
30 **the line of duty.**

31 **Death benefits for an employee beneficiary who dies in the line of**
32 **duty are calculated under the provisions of the county's retirement**
33 **plan as if the employee beneficiary had never entered the DROP**
34 **and shall be adjusted as necessary to ensure compliance with**
35 **subsection (l)."**

36 Page 1, after line 11, begin a new paragraph and insert:

37 "SECTION 4. [EFFECTIVE JANUARY 1, 2006
38 (RETROACTIVE)] **IC 36-8-10-12.2, as amended by this act, applies**

1 **to an employee beneficiary of a county retirement plan established**
 2 **under IC 36-8-10-12 who dies in the line of duty after December 31,**
 3 **2005.**

4 SECTION 5. **An emergency is declared for this act."**
 5 Renumber all SECTIONS consecutively.
 (Reference is to SB 55 as introduced.)

and when so amended that said bill do pass.

Committee Vote: Yeas 7, Nays 0.

Meeks

Chairperson